

**AMENDMENT 1 TO  
DEVELOPER'S PUBLIC REPORT  
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME:	PENSACOLA CHELSEA CONDOMINIUM
PROJECT ADDRESS:	1310 Pensacola Street, Honolulu, Hawaii 96814
REGISTRATION NUMBER:	6224
EFFECTIVE DATE OF REPORT:	<b>June 29, 2007</b>
MUST BE READ TOGETHER WITH DEVELOPER'S PUBLIC REPORT DATED:	March 7, 2007
DEVELOPER(S):	Pensacola Chelsea Building LLC

**Preparation of this Amendment**

The Developer prepared this amendment pursuant to the Condominium Property Act, Section 514B-56, Hawaii Revised Statutes (HRS), as amended from time to time. Section 514B-56, HRS, requires that after the Commission has issued an effective date for the Developer's Public Report, if there are any changes, either material or pertinent changes, or both, regarding the information contained in or omitted from the Developer's Public Report, or if the developer desires to update or change the information set forth in the Developer's Public Report, the developer shall immediately submit to the Commission an amendment to the Developer's Public Report or an amended Developer's Public Report clearly reflecting the change, together with such supporting information as may be required by the Commission, to update the information contained in the Developer's Public Report.

The law defines "material change" as used in parts IV and V of Chapter 514B, HRS means any change that directly, substantially, and adversely affects the use or value of (1) A purchaser's unit or appurtenant limited common elements; or (2) Those amenities of the project available for the purchaser's use.

The law defines "pertinent change" to mean, as determined by the commission, a change not previously disclosed in the most recent public report that renders the information contained in the public report or in any disclosure statement inaccurate, including, but not limited to (1) The size, construction materials, location, or permitted use of a unit or its appurtenant limited common element; (2) The size, use, location, or construction materials of the common elements of the project; or (3) The common interest appurtenant to the unit. A pertinent change does not necessarily constitute a material change.

The filing of an amendment to the Developer's Public Report or an amended Developer's Public Report, in and of itself, shall not be grounds for a purchaser to cancel or rescind a sales contract. A purchaser's right to cancel or rescind a sales contract shall be governed by sections 514B-86 and 514B-87, HRS, the terms and conditions of the purchaser's contract for sale, and applicable common law.

This Amendment has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this amendment to the Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts, material changes, or pertinent changes about the project have been fully or adequately disclosed; and (3) is not the

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Commission's judgment of the value or merits of the project.

The law defines "material facts" to mean any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale.

This amendment may be used by the Developer for promotional purposes only if it is used with the last Developer's Public Report in its entirety.

Prospective purchasers and purchasers are encouraged to read this amendment carefully and to seek professional advice.

Summary of Changes from Earlier Developer's Public Report are Described Beginning on the Next Page

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Summary of Changes from Earlier Developer's Public Report:

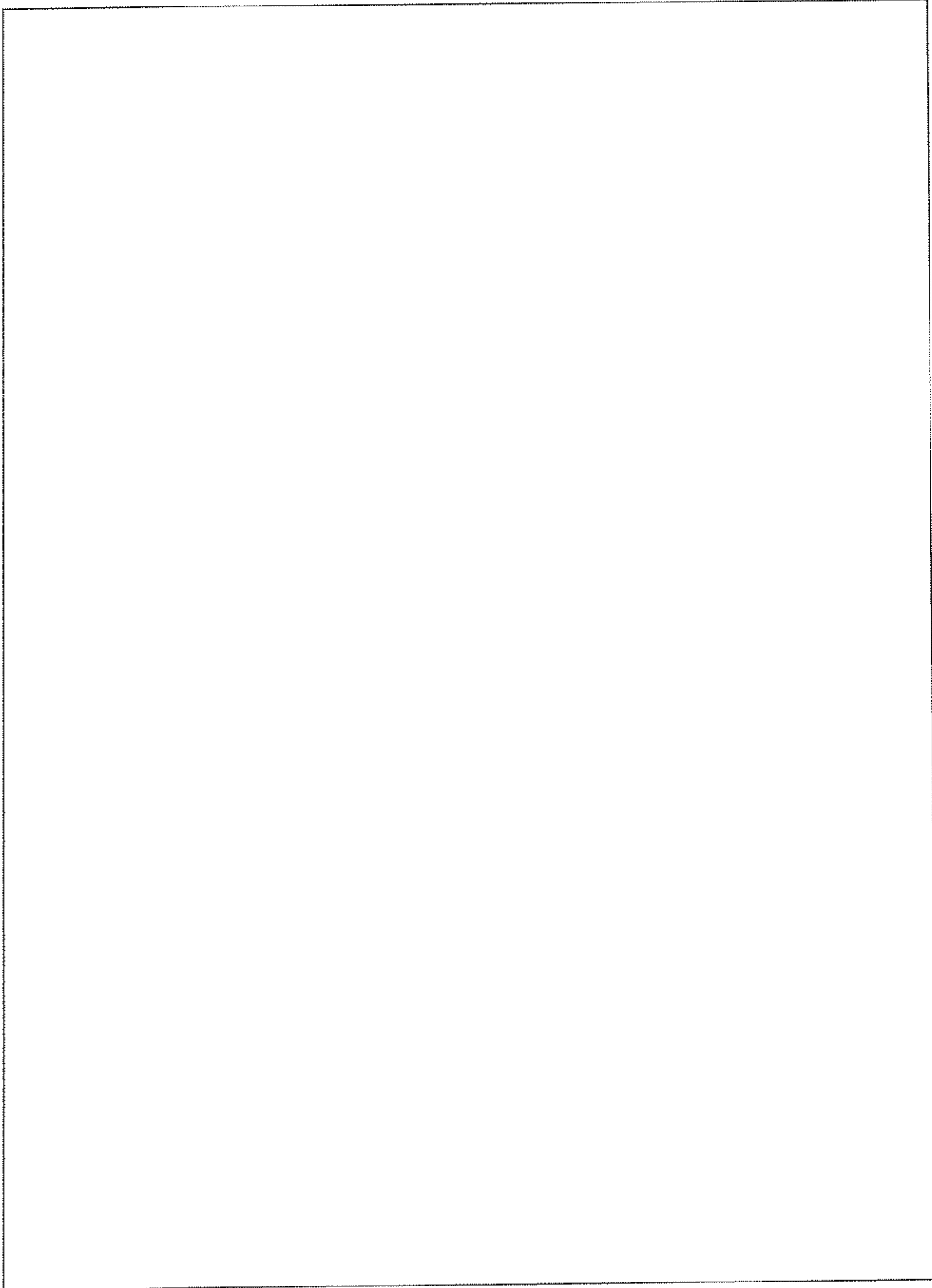
This summary contains a general description of the changes, if any, made by the developer since the last Developer's Public Report was issued an effective date. It is not necessarily all inclusive. Prospective purchasers and purchasers must read this amendment together with the last Developer's Public Report with the effective date as noted on the top of page 1 if they wish to know the specific changes that have been made.

Changes made are as follows (include a description of what the change is and page number and or exhibit alphabet or number; additional pages may be used):

1. The swimming pool and deck area have been deleted from the project. See revised page 4 and Exhibit "C" of the Developer's Public Report attached to this Amendment.
2. The title report has been updated. See revised page 5 and Exhibit "D" of the Developer's Public Report attached to this Amendment.
3. The Declaration of Condominium Property Regime and Condominium Map 4336 have been amended. See revised page 10 of the Developer's Public Report attached to this Amendment.
4. The House Rules have been amended and are now dated April 25, 2007. See revised page 11 of the Developer's Public Report attached to this Amendment.
5. Section 4.4 of the Developer's Public Report is amended to add telephone services to the utility services that will be billed to each owner (except the elevator telephone as noted in Section 4.3). See revised page 12 of the Developer's Public Report attached to this Amendment.
6. The anticipated date of commencement of construction has changed. See revised page 14 of the Developer's Public Report attached to this Amendment.
7. The areas of certain yard areas and lanais that are limited common elements to certain apartments have been changed. See revised Exhibit "A" to the Developer's Public Report attached to this Amendment.
8. The form of the sales contract has been revised as follows:
  - a. Payment of the portion of the purchase price to be paid by way of mortgage proceeds are due not later than two (2) business days before the Closing Date.
  - b. Payment of the balance of the purchase price are due not less than seven (7) business days before the Closing Date.
  - c. Buyer must pay at Preclosing the first two (2) months of estimated assessments for common expenses imposed by the Association of Unit Owners, in addition to the nonrefundable "start-up" fee for the association of unit owners.
  - d. The Financing Cancellation Date has been changed from forty-five (45) calendar days to thirty (30) calendar days.
  - e. A Buyer whose purchase of a unit is contingent upon Buyer obtaining a mortgage loan must submit to Seller written preliminary approval for the loan within fourteen (14) calendar days from the Effective Date of the sales contact.See the revised Exhibit "G" to the Developer's Public Report attached to this Amendment.

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Changes continued:



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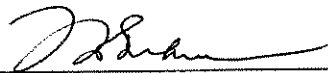
The Developer declares subject to the penalties set forth in Section 514B-69, HRS that this project continues to conform to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a) (13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report as amended, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report as amended, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report as amended and the exhibits attached to this report (if any) as amended and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report as amended to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report as amended at least 30 days prior to the anniversary date of the effective date of this report.

PENSACOLA CHELSEA BUILDING LLC

Printed Name of Developer



Duly Authorized Signatory\*

4-25-07

Date

Falahud D. Shams, Member Manager

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

**\*Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

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**1.4 Parking Stalls**

Total Parking Stalls in the Project:	74
Number of Guest Stalls in the Project:	3
Number of Parking Stalls Assigned to Each Unit:	1 or 2
Attach Exhibit <u>B</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.  Not applicable.	

**1.5 Boundaries of the Units**

Boundaries of the unit:  The space within the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls (if any), the floors and the ceilings surrounding each unit.
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**1.6 Permitted Alterations to the Units**

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):  Not applicable.
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**1.7 Common Interest**

<u>Common Interest</u> : Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit <u>B</u> .
As follows:

**1.8 Recreational and Other Common Facilities (Check if applicable):**

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): Park

**1.9 Common Elements**

<p><b>Common Elements:</b> Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.</p>									
<p>Described in Exhibit <u>C</u>.</p>									
<p>Described as follows:</p>									
<table border="1"> <thead> <tr> <th>Common Elements</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Elevators</td> <td>1</td> </tr> <tr> <td>Stairways</td> <td>3</td> </tr> <tr> <td>Trash Chutes</td> <td>0</td> </tr> </tbody> </table>		Common Elements	Number	Elevators	1	Stairways	3	Trash Chutes	0
Common Elements	Number								
Elevators	1								
Stairways	3								
Trash Chutes	0								

**1.10 Limited Common Elements**

<p><b>Limited Common Elements:</b> A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.</p>
<p>Described in Exhibit <u>C</u>.</p>
<p>Described as follows:</p>

**1.11 Special Use Restrictions**

<p>The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.</p>	
x	Pets: only one not to exceed 25 pounds in weight and certified guide dogs, service animals and signal dogs
	Number of Occupants:
	Other:
	There are no special use restrictions.

**1.12 Encumbrances Against Title**

<p>An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).</p>
<p>Exhibit <u>D</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: April 12, 2007</p>
<p>Company that issued the title report: Old Republic Title &amp; Escrow of Hawaii</p>

### 3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

#### 3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 9, 2006	2006-210162

#### Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 25, 2007	2007-077136

#### 3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 9, 2006	2006-210163

#### Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	January 19, 2007	2007-012083

#### 3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4336
Dates of Recordation of Amendments to the Condominium Map:	
April 30, 2007	



**3.4 House Rules**

The Board of Directors may adopt rules and regulations (commonly called "House Rules") to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the Developer. Changes to House Rules do not need to be recorded to be effective.			
The House Rules for this project:			
Are Proposed		<input type="checkbox"/>	
Have Been Adopted and Date of Adoption		<input checked="" type="checkbox"/>	April 25, 2007
Developer does not plan to adopt House Rules		<input type="checkbox"/>	

**3.5 Changes to the Condominium Documents**

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.		
Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

**3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents**

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:  Described in Exhibit "E".

## 4. CONDOMINIUM MANAGEMENT

### 4.1 Management of the Common Elements

<p><b>Management of the Common Elements:</b> The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.</p>		
<p>The Initial Condominium Managing Agent for this project is (check one):</p>		
<input checked="" type="checkbox"/>		Not affiliated with the Developer
<input type="checkbox"/>		None (self-managed by the Association)
<input type="checkbox"/>		The Developer or an affiliate of the Developer
<input type="checkbox"/>		Other (explain)

### 4.2 Estimate of the Initial Maintenance Fees

<p><b>Estimate of the Initial Maintenance Fees:</b> The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.</p>	
<p>Exhibit <u>F</u> contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.</p>	

### 4.3 Utility Charges to be Included in the Maintenance Fee

<p>If checked, the following utilities are included in the maintenance fee:</p>		
<input checked="" type="checkbox"/>		Electricity for the common elements
<input type="checkbox"/>		Gas for the common elements
<input checked="" type="checkbox"/>		Water
<input checked="" type="checkbox"/>		Sewer
<input type="checkbox"/>		TV cable
<input checked="" type="checkbox"/>		Other (specify) elevator telephone

### 4.4 Utilities to be Separately Billed to Unit Owner

<p>If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:</p>		
<input checked="" type="checkbox"/>		Electricity for the Unit only
<input type="checkbox"/>		Gas for the Unit only
<input type="checkbox"/>		Water
<input type="checkbox"/>		Sewer
<input checked="" type="checkbox"/>		TV cable
<input checked="" type="checkbox"/>		Other (specify) telephone

**5.5 Status of Construction, Date of Completion or Estimated Date of Completion**

Status of Construction: Construction is anticipated to commence in June 2007, and to be completed by September 2008.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:  Two years from effective date of the sales contract.
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:  Not applicable.

**5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance**

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

**5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance**

<input type="checkbox"/>	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.
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**5.6.2 Purchaser Deposits Will Be Disbursed Before Closing**

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
<input checked="" type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

EXHIBIT "A"

UNIT TYPES AND SIZES OF UNITS

Unit Type	Quantity	BR/Bath
A	34	1 / 1
B	6	1 / 1
C	2	1 / 1
D	2	2 / 1

Unit	Unit Type	Net Floor Area (square feet)	Lanai(s) Floor Area(s) (square feet)	Yard Area(s) (square feet)	Roof Deck Area (square feet)	Total Area
101	A	630		220 (rear) 120 (side)	---	970
102	A	630		220 (rear)	---	850
103	A	630		185 (rear)	---	815
104	A	630		340 (rear)	---	970
105	A	630		340 (rear)	---	970
106	A	630		340 (rear)	---	970
107	A	630		340 (rear)	---	970
108	A	630		340 (rear)	---	970
109	A	630		340 (rear)	---	970
110	A	630		340 (rear) 136 (front)	---	1,106
201	B	630	210 120	---	---	960
202	A	630	210	---	---	840

Unit	Unit Type	Net Floor Area (square feet)	Lanai(s) Floor Area(s) (square feet)	Yard Area(s) (square feet)	Roof Deck Area (square feet)	Total Area
203	A	630	210	---	---	840
204	A	630	250	---	---	880
205	A	630	210	---	---	840
206	A	630	210	---	---	840
207	A	630	210	---	---	840
208	A	630	210	---	---	840
209	A	630	210	---	---	840
210	B	630	210 120	---	---	960
301	B	630	210 120	---	---	960
302	A	630	210	---	---	840
303	A	630	210	---	---	840
304	A	630	250	---	---	880
305	A	630	210	---	---	840
306	A	630	210	---	---	840
307	A	630	210	---	---	840
308	A	630	210	---	---	840
309	A	630	210	---	---	840
310	B	630	210 120	---	---	960
401	B	630	210 120	---	---	960
402	A	630	210	---	---	840
403	A	630	210	---	---	840
404	A	630	250	---	---	880
405	A	630	210	---	---	840

Unit	Unit Type	Net Floor Area (square feet)	Lanai(s) Floor Area(s) (square feet)	Yard Area(s) (square feet)	Roof Deck Area (square feet)	Total Area
406	A	630	210	---	---	840
407	A	630	210	---	---	840
408	A	630	210	---	---	840
409	A	630	210	---	---	840
410	B	630	210 120	---	---	960
501	D	952	---	---	2,648	3,600
502	C	476	---	---	210	686
503	C	476	---	---	210	686
504	D	952	---	---	2,648	3,600

END OF EXHIBIT "A"

## EXHIBIT "C"

### COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

#### Common Elements

The common elements of the Project include the following:

1. The land of the Project in fee simple.
2. The manager's office located in the basement of the building.
3. The park located on the first floor.
4. All lanais and roof decks.
5. All mailboxes located in the basement of the building.
6. The elevator and all stairways.
7. All yards, grounds, landscaping, planters, fences and walls.
8. All parking areas, driveways, ramps, walkways and corridors.
9. All pipes, wires, cables, ditches, conduits, ducts, water meters, electrical equipment, and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Unit for services such as power, light, gas, water, sewer, storm drainage, telephone and television signal distribution, if any.
10. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

#### Limited Common Elements

The limited common elements of the Project include the following:

1. The parking stall(s), the number(s) of which are designated on the Condominium Map and set forth on Exhibit "C" attached to the Declaration of Condominium Property Regime and on Exhibit "A" to this Developer's Public Report shall be appurtenant to and for the exclusive use of the respective Units.
2. One (1) mailbox shall be appurtenant to and for the exclusive use of each Unit.
3. The yard(s), lanai(s) or roof deck adjoining a Unit, as shown on the Condominium Map and described in Section 2.1 of the Declaration of Condominium Property Regime and on

Exhibit "A" to this Developer's Public Report shall be appurtenant to and for the exclusive use of respective Units.

END OF EXHIBIT "C"



EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

The following are the encumbrances against title to the land of the Project, identified as Tax Map Key Nos. (1) 2-4-013-021 and (1) 2-4-013-024.

1. For Real Property taxes that may be due and owing reference is made to the Office of the Tax Assessor, City and County of Honolulu.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. AS TO TAX MAP KEY NO. (1) 2-4-013-021 ONLY:

a. The following "de minimis structure position discrepancy" (as said term is defined in Chapter 669-11 to 13, Hawaii Revised Statutes, as amended), as shown on the survey map prepared by Wesley T. Tengan, Licensed Professional Land Surveyor, No. 6958, dated August 26, 2006:

(i) Concrete from subject Parcel 21 extends approximately 0.3 ft. to 0.3 ft. for a length of 6.3 ft. into Parcel 86. Another portion of concrete from subject Parcel 21 extends approximately 0.2 ft. to 0.2 ft. for a length of 3.0 ft. into Pensacola Street.

(ii) End of concrete with post from subject Parcel 21 extends approximately 0.5 ft. into Pensacola Street.

(iii) End of concrete with post from subject Parcel 21 extends approximately 0.4 ft. into Pensacola Street.

(iv) Shed from Parcel 87 extends approximately 0.1 ft. to 0.1 ft for a length of 10.2 ft. into subject Parcel 21.

(v) Concrete from Parcel 22 extends approximately 0.2 ft. to 0.2 ft. for a length of 34.3 ft. into subject Parcel 21.

(vi) End of tile wall from Parcel 22 extends approximately 0.2 ft. into subject Parcel 21.

b. The following encroachment(s), as shown on the survey map prepared by Wesley T. Tengan, Licensed Professional Land Surveyor, No. 6958, dated August 26, 2006:

(i) Roof from subject Parcel 21 extends approximately 1.4 ft. to 1.2 ft. for a length of 31.2 ft. into Pensacola Street.

(ii) Wood fence from Parcel 87 extends approximately 0.5 ft. to 0.6 ft. for a length of 1.2 ft. into subject Parcel 21.

(iii) Concrete footing from subject Parcel 21 extends approximately 0.0 ft. to 0.8 ft. to 0.5 ft. for a length of 4.7 ft. into Parcel 87.

(iv) Concrete from subject Parcel 21 extends approximately 0.7 ft. to 0.7 ft. for a length of 12.6 ft. into Parcel 86.

4. AS TO TAX MAP KEY NO. (1) 2-4-013-024 ONLY:

a. The following "de minimis structure position discrepancy" (as said term is defined in Chapter 669-11 to 13, Hawaii Revised Statutes, as amended), as shown on the survey map prepared by Wesley T. Tengan, Licensed Professional Land Surveyor, No. 6958, dated August 26, 2006:

(i) Metal post from Parcel 23 extends approximately 0.2 ft. to 0.4 ft., respectively, into subject Parcel 24.

b. The following encroachment(s), as shown on the survey map prepared by Wesley T. Tengan, Licensed Professional Land Surveyor, No. 6958, dated August 26, 2006:

(i) Water meter from subject Parcel 24 extends approximately 1.0 ft. to 0.9 ft. for a length of 2.0 ft. into Roadway.

(ii) Asphalt pavement from Roadway extends approximately 0.0 ft. to 1.8 ft. to 0.0 ft. for a length of 6.1 ft. into subject Parcel 24.

(iii) Rock wall from subject Parcel 24 extends approximately 0.0 ft. to 0.7 ft. for a length of 5.9 ft. into Roadway.

5. Declaration of Condominium Property Regime of Pensacola Chelsea Condominium dated November 9, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-210162, and Condominium Map No. 4336 filed in the Bureau of Conveyances of the State of Hawaii, as amended by First Amendment of Declaration of Condominium Property Regime of Pensacola Chelsea Condominium and Condominium Map No. 4336 dated April 25, 2007, recorded as Document No. 2007-077136.

6. Bylaws of the Association of Unit Owners of Pensacola Chelsea Condominium dated November 9, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-210163, as amended by First Amendment of Bylaws of the Association of Unit Owners of Pensacola Chelsea Condominium dated January 19, 2007, recorded as Document No. 2006-210163.

7. Agreement for Issuance of Conditional Use Permit Under Section 21-5.380 of the Land Use Ordinance (LUO) dated January 26, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-023813.

8. Mortgage dated February 8, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-025618, with Pensacola Chelsea Building LLC, a Hawaii limited liability company, as Mortgagor, and Central Pacific Bank, a Hawaii corporation, as Mortgagee.

9. Assignment of Lessor's Interest in Leases and Rents dated February 8, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-025619, with Pensacola Chelsea Building LLC, as Assignor, and Central Pacific Bank, as Assignee.

10. UCC-1 Financing Statement recorded in Bureau of Conveyances of the State of Hawaii on February 9, 2007, as Document No. 2007-025620, with Pensacola Chelsea Building LLC, as Debtor, and Central Pacific Bank, as Secured Party.

END OF EXHIBIT "D"

EXHIBIT "G"

SUMMARY OF SALES CONTRACT

A copy of the form of Condominium Reservation Agreement, Deposit Receipt and Sales Agreement ("Sales Contract") has been submitted to the Real Estate Commission and is available for inspection at Developer's office. The following is a summary of some of the provisions of the Sales Contract. ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL SINCE THIS SUMMARY IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PROVISIONS OF THE SALES CONTRACT.

1. The Sales Contract does not become a binding contract until the Effective Date occurs. Until the Effective Date, the Sales Contract is only a reservation for the unit and is not legally binding on either the purchaser or Developer. The Effective Date of the Sales Contract shall be the date on which all of the following conditions are fulfilled:

- (a) The Sales Contract has been accepted by Developer;
- (b) A true copy of Developer's Public Report is mailed or otherwise delivered to the purchaser;
- (c) A notice of the purchaser's thirty-day right to cancel this Agreement is mailed or otherwise delivered to the purchaser; and
- (d) The purchaser has waived or be deemed to have waived the purchaser's right to cancel the Sales Contract pursuant to Section 514B-86 of the Act.

2. If the unit covered by a particular Sales Contract is an Owner-Occupant Designated Unit, and the purchaser has executed an affidavit stating purchaser's intent to become an owner-occupant of the unit, then purchaser agrees when signing the Sales Contract that purchaser will occupy the unit as purchaser's principal residence. Any such purchaser shall be required to reaffirm his or her intent to be an owner-occupant no later than the Closing Date. Failure to sign the reaffirmation upon the reasonable request of Developer shall constitute a default under the Sales Contract by such purchaser and Developer shall have the remedies provided in the Sales Contract.

3. Developer makes no warranties regarding the unit or the Project, but any all warranties given Developer by contactors for the Project relating to the unit shall accrue to the purchaser. Seller shall also assign or cause to be assigned to the purchaser the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the unit.

4. The purchaser agrees that all payments required by the Sales Contract will be deposited with Escrow and that all checks will be made payable to Escrow. The purchaser also agrees that any money that the purchaser deposits with Escrow may be deposited together with other purchasers' money in a federally insured interest bearing account, and that Escrow may distribute the money in this account according to the Escrow Agreement between Developer and Escrow. The purchaser also agrees that all the interest earned from the funds deposited by purchasers will be credited to Developer, except as may be provided in the Sales Contract. In

case purchaser is late in making payments to Escrow, the late payment will bear interest at the rate of one percent (1%) per month until paid.

5. All taxes, assessments, and charges of any kind assessable against the unit or the land of the Project will be prorated as of the Closing Date. The purchaser will be responsible for paying all closing costs in connection with the purchase of the unit, including all costs related to any mortgages, all notary fees, recording fees, escrow fees, title insurance, conveyance taxes and fees, and preparation of the Unit Deed to the purchaser.

6. The purchaser must deposit with Escrow at Preclosing a nonrefundable "start-up" fee for the condominium association and the first two (2) months of the estimated assessments for common expenses imposed by the Association. This start-up fee is an initial contribution to the Association common expenses reserve. The minimum amount of the start-up fee will also be equal to two (2) months of estimated assessments for common expenses. These amounts are separate from the purchase price and closing costs for the unit.

7. The purchaser may not assign purchaser's rights under the Sales Contract without the prior written consent of Developer. Under no circumstances may the purchaser assign purchaser's rights to the Sales Contract after the Preclosing or the Closing Date. If purchaser attempts to assign the Sales Contract without Developer's written consent, purchaser shall be in default under the Sales Contract.

8. Developer, at its sole discretion, shall determine the Closing Date. Developer may, at its option, preclose the sale of a unit by requiring the purchaser to deliver all documents necessary for closing and certain funds to Escrow up to sixty (60) days prior to the closing date. purchaser will have ten (10) days notice of such preclosing.

9. The purchaser shall not be able to occupy the unit until the Closing Date. purchaser shall not be able to enter the unit until the Closing Date, except with the prior consent of Developer. If the purchaser attempts to take occupancy of or enter the unit prior to the Closing Date without the consent of Developer, then the purchaser will be in default of the Sales Contract, and Developer has the right to remove the purchaser from the unit using any lawful means and at the purchaser's expense.

10. The purchaser agrees to accept a unit as suitable for occupancy even if there are defects or damage to the unit, as long as Developer promises to repair these defects within a reasonable time after purchaser takes occupancy. Prior to closing, the purchaser shall have fifteen (15) days after the date of a notice from Developer to inspect the unit.

11. Developer will complete construction so that the purchaser may occupy the unit within two (2) years from the Effective Date of the Sales Contract. However, this two (2) year period may be extended if construction is delayed by fire, earthquake, acts of God, the elements, war or civil disturbances, litigation or threat of litigation, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or material, or other occurrences or conditions that are legally recognized as defenses to contract actions in the State of Hawaii.

12. By signing the Sales Contract, the purchaser represents that the purchaser is financially capable of paying the purchase price for the unit. The purchaser also represents that any financial data the purchaser has given Developer is accurate.

If the purchaser intends to finance the purchase of the unit, then the purchaser must apply for financing and inform Developer of the name and address of the lending institution and the loan officer handling the loan application within five (5) days from the Effective Date of the Sales Contract. The purchaser must obtain from the lending institution, and must provide to Developer a copy of, written preliminary approval of the loan within fourteen (14) calendar days from the Effective Date of the Sales Contract. The purchaser agrees to do everything possible and/or necessary to successfully obtain the loan. If purchaser makes a bona fide effort to obtain financing but is unsuccessful in doing so, then purchaser may cancel the Sales Contract upon written notice to Developer on or before thirty (30) days from the Effective Date of the Sales Contract. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

If the purchaser is making a cash purchase of a unit, the purchaser must provide proof to Developer within ten (10) days after Developer accepts the Sales Contract that purchaser is financially capable of making all payments under the Sales Contract. Developer has the option to terminate the Sales Contract if Developer determines at any time that the purchaser is unable to make the required payments. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest, and less an escrow cancellation fee, the cost of any credit reports and all other costs incurred by Developer.

13. As long as the Sales Contract is only a reservation, it may be terminated for any reason and at any time at the option of either purchaser or Developer, by giving written notice of termination to the other party. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest. If the purchaser cancels the sales contract, Escrow may also deduct from the refund an escrow cancellation fee and all costs incurred by Developer, Escrow or any lending institution in processing the Sales Contract or loan application, up to a maximum amount of \$250.00.

14. If the purchaser defaults, Developer may cancel the Sales Contract and may keep any amounts previously paid by the purchaser as liquidated damages to compensate Developer for its damages. Developer may also pursue any other legal remedy for purchaser's default.

If Developer defaults after the Effective Date of the Sales Contract, the purchaser's only remedy is to cancel the Sales Contract and have all of the purchaser's money refunded, except that if and only if Developer's default is because Developer has not completed construction within the time period set forth in paragraph 11 above, the purchaser shall have all remedies allowed by law.

15. If less than twenty (20) units have been sold within one hundred eighty (180) days after the date a purchaser signs the first Sales Contract for a unit in the Project, Developer has the option to cancel the Sales Contract. If Developer cancels the Sales Contract, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

16. Developer has the option to cancel the Sales Contract if unanticipated delays in construction cause the cost of development to increase to the point where the Project is no longer economically feasible for Developer. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

17. By entering into the Sales Contract, the purchaser acknowledges that the purchaser has never received any information of representations from Developer or any of Developer's agents regarding rental income from the unit or other economic or tax benefits that purchaser may receive from ownership of the unit. The purchaser further agrees that he or she will not participate in any rental pool for the renting of the unit. The purchaser may be required to sign documents which satisfy Developer that no such representations have been made.

18. Developer may have made one or more construction loans to finance construction of the Project. Any rights which a purchaser may possess under a Sales Contract for one of the units in the Project are subject to and subordinate to the rights of the lender(s) of the construction loan(s).

19. Subject to the requirements of the Hawaii Contractor Repair Act (Hawaii Revised Statutes Chapter 672E), if applicable, any dispute between Developer and purchaser arising out of or relating to the Sales Contract or the unit, or the construction, development or management of the Project or the sale of any unit or the use or occupancy of any unit, or any other aspect of the relationship between Developer and the purchaser regarding the Project shall be subject to non-binding mediation and, if necessary, shall be resolved by mandatory arbitration.

20. The purchaser accepts the following conditions as well as any inconvenience or annoyance which the purchaser may experience as a result of such conditions and expressly waives any rights, claims or actions which he might otherwise have against Developer or third parties as a result of such circumstances:

(a) Construction activity by Developer or other unit owners may continue at the Project after purchaser has occupied the unit and this activity may result in noise, dust, surface water run off, vapors, odors, vibration, traffic congestion, or other nuisances or annoyances to purchaser and may limit the purchaser's access to portions of the Project.

(b) Sales activities, including the use of model units, sign and extensive sales displays and other activities for the sale of units developed in the Project.

(c) Developer reserves the right for itself, its employees, agents, sales representatives, business invitees and prospective purchasers to utilize the common elements for ingress and egress to model units and parking spaces and in order to show the common elements to prospective purchasers.

21. The purchaser acknowledges that it has been informed that microorganisms, including, but not limited to, mold, mildew, spores, or any other form of fungi or bacteria ("Microorganisms"), may be present in the unit and that Microorganisms, at certain levels, can cause deterioration of building materials, damage to property, health hazards, personal injuries and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and/or allergic reactions. Concentrations of chemicals released from household furnishings, appliances, mechanical equipment, personal possessions or building materials may, at certain levels, create health hazards and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and allergic reactions. Because Microorganisms occur naturally in the environment, Developer cannot eliminate the possibility that Microorganisms may grow in, on or about the unit. purchaser releases and agrees to indemnify and defend Developer and its successors and assigns, construction manager, contractors, subcontractors, material suppliers and the officers, employees, agents of each of them, from and against any and all claims,

obligations, demands, damages, causes of action, liabilities, losses and expenses, including reasonable attorneys' and expert fees, whether now known or hereafter known, foreseen or unforeseen, that purchaser or any occupant of the unit had, has, or may have in the future, in law or in equity (the "claim"), that are attributable to (1) bodily injury, sickness, emotional distress, disease, death or any other personal injury or adverse health effects, or (2) injury to or destruction of tangible personal property, including loss of the use thereof arising out of or relating to, or in any way connected with, indoor air quality, moisture, or the growth, release, discharge, dispersal or presence of any Microorganisms or any chemicals in the indoor air or on the interior surfaces of the unit including, without limitation to, wall cavities, the attic, windows and the basement, or on the exterior surfaces of the unit or on any part thereof.

END OF EXHIBIT "G"